



Economic Impact Analysis Virginia Department of Planning and Budget

**12 VAC 30-60 – Standards Established and Methods Used to Assure High Quality Care
Department of Medical Assistance Services
August 10, 2012**

Summary of the Proposed Amendments to Regulation

The proposed changes will revise the regulatory language to reflect 1) that the Department of Medical Assistance Services or its contractor conducts utilization reviews of community mental health services rather than the Department of Mental Health, Mental Retardation and Substance Abuse Services, and 2) that the utilization reviews are not limited to on-site reviews only.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The proposed changes will revise the regulatory language to reflect that the Department of Medical Assistance Services (DMAS) or its contractor conducts utilization reviews of community mental health services rather than the Department of Mental Health, Mental Retardation and Substance Abuse Services and that the utilization reviews are not limited to on-site reviews only.

Utilization reviews have been conducted by DMAS since 2000 due to changes in the interagency agreement with its sister state agency. In addition, since 2001, utilization reviews are not limited to only on-site reviews and include desk reviews of rendered services. The proposed changes will merely update the regulatory language to reflect the procedures currently in practice. According to DMAS, there has been a surge in the number of provider appeals in this service area. In addition to improving the clarity of the regulations, the proposed regulatory language, which is consistent with current practices is expected to reduce the likelihood of DMAS losing a provider appeal.

Businesses and Entities Affected

The proposed regulations mainly apply to providers of community mental health services. There are approximately 700 such providers.

Localities Particularly Affected

The proposed regulations are not anticipated to affect any locality more than others.

Projected Impact on Employment

No direct impact on employment is expected.

Effects on the Use and Value of Private Property

No direct impact on the use and value of private property is expected.

Small Businesses: Costs and Other Effects

No direct costs or other effects on small businesses are expected. However, the proposed changes may reduce the likelihood that a community mental health services provider may win a utilization review appeal.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There is no known alternative that minimizes the adverse impact while accomplishing the same goals.

Real Estate Development Costs

No impact on real estate development costs is expected.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed

regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.